

ROUTE IN ENVELOPE

OPTIONAL FORM NO. 10

UNITED STATES GOVERNMENT

Memorandum

TO : W. C. Sullivan *WCS*DATE: 11/20/63
1 - G.F. Downing
1 - Wannall
1 - RuehlFROM : W. R. Wannall *WRW*SUBJECT: COMMUNICATIONS FROM UNITED STATES
TO HONG KONG AND COMMUNIST CHINA
INTERNAL SECURITY - CHINA

10

Belmont	✓
Mohr	✓
Casper	✓
Callahan	✓
Conrad	✓
DeLoach	✓
Evans	✓
Gale	✓
Rosen	✓
Sullivan	✓
Tavel	✓
Trotter	✓
Tele. Room	✓
Holmes	✓
Gandy	✓

WRW

San Francisco is in a position to apply Sam Survey technique to mail destined for Communist China. Sam Survey is New York program whereby outgoing airmail to selected European countries is examined to detect illegal Soviet-bloc agents.

Airmail to Hong Kong and Communist China exits U. S. through San Francisco, thus coverage at San Francisco would amount to national coverage. Survey by San Francisco disclosed this coverage will involve approximately four Special Agents utilized full time on six-day workweek. A sure space is available for processing the mail.

New York originally tested Sam Survey for period of two months on very limited amount of mail which was destined for Communist China. New York picked up eight items indicating such strong pro-Chinese Communist sentiments that further investigation was warranted. These cases are still pending. New York can furnish San Francisco with Watch List to facilitate screening mail.

We know U. S. is prime target of Chinese Communist intelligence. Investigation of Susan and Richard Frank, (New York Security Index subjects) disclosed they may be working in U. S. for Chinese Communists. Gus Hall, Communist Party (CP) USA, suspects Susan Frank of being Chinese Communist agent. In September, 1963, Richard Frank, substituting for his wife, Susar, made a hurried trip to London.

NY 694-S* advised that Richard Frank on recent visit to London was in contact with TANG Ming-chao and Israel Epstein. TANG is head of American Department of Chinese CP in charge of political intelligence relating to CP's in English-speaking countries. Epstein is editor of "China Reconstructs," English-language Chinese Communist propaganda publication, and appears to be engaged in Chinese Communist intelligence operation re Sino-Soviet dispute. TANG and Epstein reportedly maintained close liaison with Richard Frank. NY 4112-S* reported Susan Frank is in contact with individuals in Communist China.

In 1962, a Chinese Communist defector from Chinese Communist Embassy, Stockholm, Sweden. The defector stated on more than one occasion, registered mail from U. S. was received at Chinese Communist Embassy and was immediately turned over to Military Attache. Defector had no knowledge

NOV 24 1963

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of contents nor was he permitted to examine mail to identify sender. Mail was handled with maximum security. CIA to date has not been able to furnish any additional data concerning this mail. JFL (b)(1)

While it is recognized proposed coverage necessitates use of unusual amount of manpower, its potential to penetrate Chinese Communist intelligence activities in U. S. requires exploration. If successful, program will more than justify use of contemplated manpower.

RECOMMENDATION:

If approved, San Francisco will be instructed to promptly place in effect coverage of mail destined for Hong Kong and Communist China for period of three months. At end of three months San Francisco will submit recommendations re continuation.

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UNITED STATES GOVERNMENT

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Memorandum

TO : DIRECTOR, FBI (134-5108)

DATE: 3/11/60

FROM : SAC, SAN FRANCISCO (134-1132)

OK with Recheck CIA

SUBJECT: CS SF 2279-S*
CONFIDENTIAL SOURCE - [CHINESE]

ReBulet 2/23/60.

The following data is being furnished to the Bureau concerning the operation of this source:

The operation of this source is secure from all standpoints at this time. If this security becomes an issue at any time in the future, the Bureau will be immediately notified and the source will be discontinued until such time as its security can be guaranteed.

As the Bureau is well aware, this source furnishes a magnitude of vital information pertaining to activities within Red China including its economical and industrial achievements. For instance, during the past six months, this source continued to furnish information relating to U.S. educated Chinese who have since returned to Red China and identified their current positions in their respective fields of science. This source also reveals the intimate feelings which these Chinese scientists have concerning life in China, as well as their pros and cons concerning life and science in general, while studying and residing in the U.S. A true picture of life in China today is also related by the information which this source furnishes reflecting life in general to be horrible due to the lack of proper food, housing, clothes, equipment, and the complete disregard of a human person's individual rights.

Source still continues to furnish up-to-date news on the former Korean prisoners of war (turncoats) and their true feelings, both pro-Chinese communist and anti-US, as well as their future plans. Source reveals the identity of their friends in the U.S. as well as the current activities and residences of these turncoats who have since returned from China (to the U.S.)

- 2 - Bureau (AM REG.)
- 1 - SF
- PJH/ljs
- (3)

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NAT. DEF. RES.

Declassified by 467 10/19/75

Classified by 6283
Exempt from GDS, Category 2
Date of Declassification Indefinite

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*LETTER TO SF
J.P. [unclear]
VEK: [unclear]*

SF 134-1132)
PJH/ld

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Source has furnished complete subscription lists of various Chinese communist publications, including "China Reconstructs," "Peking Review," "China Literature" and other leading pro-Chinese communist publications which are published in Hong Kong, B.C. In this regard, source furnishes identities of those individuals residing in the U.S. who act as agents for these Chinese communist publications.

Source still continues to furnish up-to-date news concerning American citizens who have pro-Chinese communist sympathies residing on the Mainland of China. These Americans in some way are employed by the Chinese Communist Government and in particular, the source was able to locate the current whereabouts of one VIRGINIUS FRANK COE, New York espionage subject who has been missing since about 1956. This source continues to furnish pertinent information also relative to the activities and writings of ANNA LOUISE STRONG and her fight to have the U.S. recognize Red China.

This source continually furnishes the identities of many U.S. citizens who have violated the U.S. passport laws by having actually traveled to and throughout Red China.

Source continually identifies certain U.S. scientists who are on friendly terms with U.S. educated Chinese scientists who have since returned to China and at the same time, makes available certain requests which these Chinese scientists make of their scientific friends in the U.S. In certain instances, the Bureau has been able to develop potential double agents in the Chinese security field, because of these requests made by these Chinese scientists and in particular, San Francisco makes reference to the case of DR. Y.P. SUN, a research chemist for Shell Development Corporation, Modesto, California. It also assists in evaluating the reliability of double agents as in the case of RAYMOND TOM, who has been approached by representatives of the New China News Agency. In TOM's case, this source has been able to corroborate information which TOM has furnished the Bureau.

In the counterintelligence field, this source continues to monitor correspondence to one JAMES CHAO, who resides in Ann Arbor, Michigan, it being pointed out that CHAO was alleged to be an actual agent for the Bank of China, which is a Chinese communist front.

Considerable data has been uncovered concerning pro-Chinese communist sympathies on the part of U.S. Government employees, thus causing the field and the Bureau to initiate 140 SCE cases.

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This source enables San Francisco to keep up with the current residences and employments of various San Francisco security and SI subjects and at the same time, source furnishes the viewpoints which these Subjects have concerning (Red China), as well as their anti-US statements which they have made.

Source has uncovered the whereabouts of a Selective Service subject of the San Francisco Division, namely (T'ONG King-yip) who recently graduated from the University of (Peking) after being missing from the San Francisco area for several years.

In other instances, this source has revealed several (Chinese) security subjects to be now residing (on the Mainland of China) and attending institutions of higher learning even though US passports for these individuals have not been issued.

Source has identified certain U.S. scientists who have traveled to (Moscow) as well as European countries, to attend various scientific conferences there. During these conferences, some of these U.S. scientists have become quite friendly with (Chinese) scientists and have initiated correspondence. Although some of these U.S. scientists have been contacted by the field relative to their willingness to cooperate in the double-agent field, San Francisco has no knowledge concerning the outcome.

Source still continues to furnish pertinent information

Source continually shows the techniques and pressure put on (Chinese) scientists remaining in the U.S. in order to force them to return to (China) and work for the motherland. In this regard, source has given the U.S. valuable information concerning the advancement which the (Chinese) communists have made in certain scientific fields.

Source still continues to identify numerous U.S. citizens who are in contact with various (Hong Kong pro-Chinese) communist publishing firms.

It has also furnished correct (Chinese family) names, which reflect that (Chinese) individuals are residing in the U.S. fraudulently and has also furnished (coaching) papers for individuals to use. It has also furnished data as to how finances may be sent to (Communist China) through drops in (Hong Kong) and has also furnished information relative to the manner in which individuals are able to leave (Communist China) which has been of assistance in evaluating the stories which recent immigrants furnish during the course of interviews by Bureau agents.

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(SF 134-132)
PJH/lc

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Numerous potential security informants have been developed due to the type of information which this source has furnished in San Francisco.

Upon receipt of the translations of the (Chinese) material which is forwarded to the Bureau, as well as an evaluation made of the English language material, which is photostated, San Francisco furnishes to the other field divisions only that material which can be construed as having intelligence value. In many instances, San Francisco has knowledge concerning the identities of security subjects residing within other field divisions and furnishes pertinent data concerning these individuals. Numerous requests are made by certain (Chinese) scientists to forward to them certain technical books and publications in the scientific field which information is also furnished to other field divisions.

In the case of (Caucasians) traveling throughout (Red China,) who may possibly be U.S. citizens, this data is also furnished to other offices.

At this time, this source as a general rule has access to all mail emanating from (Hong Kong, B.C.C. and Communist China) destined for the U.S; however, on certain occasions, this source, due to the routing of mail by the Post Office from the Airport, sometimes misses certain mail bags.

For the Bureau's information, San Francisco processes approximately 13,500 first class letters a day not including third class publications. In this connection, however, it is noted that the processing must be done in a very limited time, two hours maximum. Furthermore, in view of the existing limitations, the quantity of material chosen for complete translation is necessarily limited to no more than 50 per day, some of which as further time permits for a closer scrutiny, is later disregarded and no further action taken, other than returning the material to the source.

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